DEVELOPER'S PUBLIC REPORT FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	LOT 40-B CONDOMINIUM
Project Address	562 Kai Hele Ku Street Lahaina, Maui, Hawaii 96761
Registration Number	6679
Effective Date of Report	December 10, 2008
Developer(s)	FLOYD L. ROLLEFSTAD and PATRICIA A. ROLLEFSTAD

Preparation of this Report

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

This report has <u>not</u> been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, including any omitted material facts, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

SPECIAL ATTENTION

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

- 1. This is a CONDOMINIUM PROJECT, not a subdivision. It does not involve the sale of individual subdivided lots. Where land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT it is not a legally subdivided lot. Dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.
- 2. This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure compliance with all applicable County codes and ordinances.
- 3. Facilities and improvements normally associated with county approved subdivisions, such as fire protection devices, County street lighting, electricity, ungraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.
- 4. This condominium project is part of the Mahanalua Nui Subdivision, Phase I. Purchaser should carefully review the Amended and Restated Declaration of Covenants, Conditions and Restrictions dated July 13, 1999, as amended, and other documents related to said subdivision.
- 5. In a condominium, all of the land included in the condominium remains a single, unsubdivided parcel of land for purposes of zoning and land use regulation. If one unit owner violates a regulation, the violation is attributable to both that owner and the innocent owner of the other unit. For example, if one owner builds or adds to a structure in a manner which violates height limits, size limit, setbacks, building permit requirements, or flood zone rules, or uses the unit for an unauthorized additional dwelling or short term rental, the violation applies to the entire condominium and the innocent unit owner may be subject to fines or may be denied a building permit as long as the violation remains uncured.
- 6. There are County restriction on the number of dwelling units, or other structures, which may be built on the property. Unless the Purchaser is buying an existing residential dwelling, there is NO assurance that the Purchaser will be able to build a residential dwelling unit on the property or convert an existing non-residential structure to residential use. Under the current zoning ordinance only one full size farm dwelling and one farm dwelling with a living area of 1,000 square feet or less are permitted on the property. Unit A is designated as the full size farm dwelling and currently contains 100 sq. ft of enclosed net area. Unit B is designated as the farm dwelling (approx. 995 sq. ft. of enclosed net living area) and is subject to the 1,000 square feet limitation.
- 7. See further disclosures on pages 18, 18a, and 18b.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT; CONSULT WITH LEGAL COUNSEL, APPROPRIATE GOVERNMENT AGENCIES, AND OTHER PROFESSIONALS CONCERNING THE REQUIREMENTS OF THE PERMITTED USES OF THE LAND AND DWELLINGS ON LAND ZONED AGRICULTURAL AND OTHER ITEMS IN THIS REPORT.

TABLE OF CONTENTS

		<u>-</u>	aye
Prepa	ration of	this Report	1
Gene	ral Inforn	nation On Condominiums	2
Opera	ation of th	ne Condominium Project	2
1.	THE C	ONDOMINIUM PROJECT	3
	1.1	The Underlying Land	3
	1.2	Buildings and Other Improvements	
	1.3	Unit Types and Sizes of Units	3
	1.4	Parking Stalls	4
	1.5	Boundaries of the Units	4
	1.6	Permitted Alterations to the Units	
	1.7	Common Interest	4
	1.8	Recreational and Other Common Facilities	
	1.9	Common Elements	5
	1.10	Limited Common Elements	
•	1.11	Special Use Restrictions	5
	1.12 1.13	Encumbrances Against Title	5
	1.13	Uses Permitted by Zoning and Zoning Compliance Matters Other Zoning Compliance Matters	b
	1.15	Conversions	o
	1.16	Project In Agricultural District	/ Q
	1.17	Project with Assisted Living Facility	0 R
_			
2.		ONS CONNECTED WITH THE PROJECT	
	2.1	Developer	
	2.2	Real Estate Broker	
	2.3	Escrow Depository	
	2.4	General Contractor	9
	2.5 2.6	Condominium Managing Agent	9
^		Attorney for Developer	
3.		FION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS	
	3.1	Declaration of Condominium Property Regime	10
	3.2	Bylaws of the Association of Unit Owners	10
	3.3	Condominium Map	10
	3.4 3.5	Changes to the Condemisium Decuments	77
	3.6	Changes to the Condominium Documents	11
	5.0	Condominium Documents	11
4.	COND	OMINIUM MANAGEMENT	12
	4.1	Management of the Common Elements	12
	4.2	Estimate of the Initial Maintenance Fees	IZ
	4.3	Utility Charges to be Included in the Maintenance Fee	12
	4.4	Utilities to be Separately Billed to Unit Owner	12
5.		DOCUMENTS	
-•			
	5.1 5.2	Sales to Owner Occupants	
	5.2 5.3	Sales to Owner-Occupants Blanket Liens	
	5.4	Construction Warranties	I 3
	5.5	Status of Construction, Date of Completion or Estimated Date of Completion	14

TABLE OF CONTENTS

		Page		
5.6	Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance			
	5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance	14		
5.7	5.6.2 Purchaser Deposits Will Be Disbursed Before Closing			
5.8	Purchaser's Right to Cancel or Rescind a Sales Contract			
	5.8.1 Purchaser's 30-Day Right to Cancel a Sales Contract			
	5.8.2 Right to Cancel a Sales Contract if Completion Deadline Missed5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Chan	17		
6. MISCELLAN	NEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT	18		
EXHIBIT A:	Common Interest			
EXHIBIT B:	Common Elements			
EXHIBIT C:	Limited Common Elements			
EXHIBIT D:	Encumbrances Against Title			
EXHIBIT E:	Estimate of Initial Maintenance Fees and Disbursements			
EXHIBIT F: EXHIBIT G:	Summary of Purchase Contract Farm Plan Permit No. 2006/0086			

General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. In addition, certain requirements and approvals of the county in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

If you are a typical condominium unit owner, you will have two kinds of ownership: (1) ownership in your individual unit; and (2) a percentage interest in the common elements.

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first that the Developer will effectively control the affairs of the Association. It is frequently necessary for the Developer to do so during the early stages of development and the Developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	
Developer is the Fee Owner	⊠Yes
Fee Owner's Name if Developer is not the Fee Owner	Not Applicable
Address of Project	562 Kai Hele Ku Street, Lahaina, Hawaii 96761
Address of Project is expected to change because	Not expected to change
Tax Map Key (TMK)	(2) 4-7-9-44
Tax Map Key is expected to change because	Each unit will be given a CPR # by the Maui County Real Property Tax Office.
Land Area	2.274 acres
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Not Applicable

1.2 Buildings and Other Improvements

Number of Buildings	2
Floors Per Building	1
Number of New Building(s)	2
Number of Converted Building(s)	0
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Unit A - steel Unit B - wood, roof ceramic tile, floor concrete

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc)	Total Area
Α	1	0/0	0	100 sf	shed	100 sf
В	1	2/1.5	995 sf	2,434.76 sf	lanai, garage	3,429.76
		<u> </u>	<u> </u>		-	
				<u> </u>		
				 	-	
						
See Exhibit		_ •				

2	Total Number of Units

Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

1.4 Parking Stalls

2
0
2 (Unit B garage)
per(s) assigned to each unit and the type of parking ether covered or open).
re-assign parking stalls, describe such rights.

1.5 Boundaries of the Units

Boundaries of the unit:

Finished exterior surfaces of perimeter walls, windows and doors, and vertically by the distances between the finished exterior surface (bottom) of its foundation and floor supports and the finished exterior surface of its roof.

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project):

A unit may be expanded, relocated and altered; except as limited by law, County Code or the Declaration.

Unit A - One full size farm dwelling and barn, subject to applicable building codes.

Unit B - Any alteration of Unit B may not increase the net living area in excess of 1,000 sq. ft.

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit A . As follows:

1.8 Recreational and Other Common Facilities (Check if applicable):

Swimming pool	
Laundry Area	
Storage Area	
Tennis Court	
Recreation Area	
Trash Chute/Enclosure(s)	
Exercise Room	
Security Gate	
Playground	
Other (describe):	

1.9 Common Elements

Common Elements: Common elements are those	e parts of the condominium project other than the				
individual units and any other real estate for the be	nefit of unit owners. Although the common elements				
are owned jointly by all unit owners, those portion	ns of the common elements that are designated as				
limited common elements (see Section 1.10 below) may be used only by those units to which they are					
assigned. In addition to the common facilities desc	ribed in Section 1.8 above, the common elements for				
this project, as described in the Declaration, are set forth below.					
Described in Exhibit B .					
Described as follows:					
·					
Common Element	Number				
Elevators					
Stairways					
Trash Chutes					
	·				
1.10 Limited Common Elements					
Limited Common Elements: A limited common elem	ent is a portion of the common elements that is				
reserved for the exclusive use of one or more but few	wer than all units in the project.				
Described in Exhibit C					
Described as follows:					
1.11 Special Use Restrictions					
•					
The Declaration and Bylaws may contain restrictions	on the use and occupancy of the units. Restrictions				
for this project include, but are not limited to, those d					
Pets:					
Number of Occupants:					
✓ Other: See pages 18, 18a, 18b and Exhibit	D for special disclosure and restrictions				
There are no special use restrictions.	2 to opodal diodiodato and roctrotions.				
Thora are no openial dee rectifications.					
1.12 Encumbrances Against Title					
1.12 Endumbrances Agamst Title					
An encumbrance is a claim against or a liability on th	e property or a document affecting the title or use of				
the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released					
prior to conveyance of a unit (see Section 5.3 on Bla					
Exhibit D describes the encumbrances against tit	le contained in the title report described below.				
Date of the title report: July 2, 2008	al Title and Ecorous of Herris In-				

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Us	es	Permitted by Zoning						
		Type of Use	No. of Units	l	Jse Per Zo	mitte ning	ed by	Zoning
		Residential			Yes		No	
		Commercial			Yes		No	
		Mix Residential/Commercial			Yes		No	
		Hotel			Yes		No	
		Timeshare			Yes		No	
[Ohana			Yes	Г	No	
		Industrial			Yes	Г	No	
	√	Agricultural	1	- ✓	Yes		No	Agricultural
		Recreational			Yes	П	No	
	✓	Other(specify): shed	1		Yes	V	No	Agricultural
		e this/these use(s) specifically perm arations or Bylaws?	nitted by the project's	√	Yes		No	
		nces to zoning code have been gra			Yes	√	No	
		ribe any variances that have been goode.	granted to					

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lo	ts

In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.

A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.

	Conforming	Non-Conforming	Illegal
Uses	✓		
Structures			
Lot	✓		

If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:	
Not Applicable.	

1.15 Conversions

Developer's statements regarding units that may be occupied for residential use and that have been in	Applicable
existence for five years or more.	☑ Not Applicable
Developer's statement, based upon a report prepared by a Hawa describing the present condition of all structural components and material to the use and enjoyment of the units:	ii-licensed architect or engineer, mechanical and electrical installations
Developer's statement of the expected useful life of each item rep	ported above:
List of any outstanding notices of uncured violations of any buildir	ng code or other county regulations:
Estimated cost of curing any violations described above:	
Verified Statement from a County Official	
Regarding any converted structures in the project, attached as Ex by an appropriate county official which states that either:	chibit is a verified statement signed
 (A) The structures are in compliance with all zoning and building project at the time it was built, and specifying, if applicable: (i) Any variances or other permits that have been granted to a (ii) Whether the project contains any legal nonconforming use adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or obring the structure into compliance; 	achieve compliance; s or structures as a result of the
or	
(B) Based on the available information, the county official cannot the foregoing matters in (A) above.	t make a determination with respect to
Other disclosures and information:	

1.16 Project In Agricultural District

Is the project in an agricultural district as designated by the	✓ Yes
land use laws of the State of Hawaii? If answer is "Yes", provide information below.	□No
in another too , provide this manor bolom	
Are the structures and uses anticipated by the Developer's promotiona with all applicable state and county land use laws? Yes No	l plan for the project in compliance
If the answer is "No", provide explanation.	
Are the structures and uses entisinated by the Dayslaner's promotions	I whom for the present in committees
Are the structures and uses anticipated by the Developer's promotiona with all applicable county real property tax laws? Yes No	i plan for the project in compliance
If the answer is "No", provide explanation and state whether there are a	any penalties for noncompliance.
Other disclosures and information:	
See special information and additional disclosures on pages 1a, 18, 18a	a, and 18b.
1.17 Project with Assisted Living Facility	
Does the project contain any assisted living facility units	Yes
subject to Section 321-11(10), HRS? If answer is "Yes", complete information below.	✓No
Licensing requirements and the impact of the requirements on the cost governance of the project.	s, operations, management and
The nature and the scope of services to be provided.	
Additional costs, directly attributable to the services, to be included in ti	ne association's common
expenses.	ic association s common
The duration of the provision of the services.	
The duration of the provision of the services.	
Other possible impacts on the project resulting from the provision of the	e services.
Other disclosures and information.	
Other disclosures and information.	
Other disclosures and information.	

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	Name:
2.1 2010.000.(0)	Name: FLOYD L. ROLLEFSTAD and PATRICIA A.
	ROLLEFSTAD
	500 16 11 1 16 00 16
	Business Address: 562 Kai Hele Ku Street
Ì	Lahaina, HI 96761
	Business Phone Number: (808) 661-7969
	E-mail Address:
Names of officers and directors of	
developers that are corporations;	No Applicable
general partners of a partnership;	
partners of a limited liability partnership	
(LLP); or a manager and members of a	
limited liability company (LLC) (attach separate sheet if necessary).	·
separate sheet if necessary).	
0.0 Pa-1 F-4-4- Proken	Name Til Bull (1944)
2.2 Real Estate Broker	Name: The Prudential Maui Realtors, Inc.
	Business Address: 256 Papalaua Street Lahaina, HI 96761
	Lanana, Fi 90701
	Business Phone Number: (808) 661-5200
	E-mail Address:
2.3 Escrow Depository	Name: Fidelity National Title and Escrow of Hawaii, Inc.
	Business Address: 181 Lahainaluna Road, Suite A
	Lahaina, HI 96761
	Business Phone Number: (808) 661-4960
	Dusiness t none Number. (000) 001-4500
2.4 General Contractor	Name: Dee E. Stovall dba Stovall Contracting
	Business Address: 738 Ponoi Place
	Makawao, HI 96768
	·
	Business Phone Number: (808) 264-6489
2.5 Condominium Managing	Name: Calf managed by the A
Agent	Name: Self-managed by the Association Business Address:
3	- Stantoo Hadroon
	Business Phone Number:
2.6 Attorney for Developer	Name: Karen Temple, Attorney at Law LLLC
	Business Address: 24 N. Church Street, Suite 200
	Wailuku, HI 96793
	Rusinoss Phono Number: (200) 244 2222
	Business Phone Number: (808) 244-8222
<u> </u>	

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

3.1 Declaration of Condominium Property Regime

The Declaration of Condomini common interests, common el condominium project.	um Property Regime contains a c ements, limited common element	lescription of the land, buildings, units, ts, and other information relating to the
Land Court or Bureau of	Date of Document	Document Number
Conveyances		
Bureau of Conveyances	May 6, 2008	2008-087768
	Condominium Property Regime	
Amendments to Declaration of	Condominium Property Regime	
Land Court or Bureau of	Date of Document	Document Number
Conveyances		

3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They			
provide for the manner in which the Board of Directors of the Association of Unit Owners is elected, the			
powers and duties of the Board, the manner in which meetings will be conducted, whether pets are			
prohibited or allowed and other ma	itters that affect how the condominium	m project will be governed.	
Land Court or Bureau of Date of Document Document Number			
Conveyances			
Bureau of Conveyances	May 6, 2008	2008-087769	

Amendments to Bylaws of the	Association of Unit Owners	
Land Court or Bureau of	Date of Document	Document Number
Conveyances		

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium				
project. It also shows the floor plan, unit number and dimensions of each unit.				
Land Court Map Number				
Bureau of Conveyances Map Number 4641				
Dates of Recordation of Amendments to the Condom	ıinium Map:			

3.4 House Rules

The Board of Directors may adopt rules and regulation use and operation of the common elements and limit matters such as parking regulations, hours of operations of lanais and requirements for keeping pets. The guests. They do not need to be recorded or filed to be adopted by the Developer. Changes to House Rules	ed common elements. He on for common facilities sees rules must be followed be effective. The initial Ho	ouse Rules may such as recreation d by owners, ten ouse Rules are u	cover n areas, ants, and sually
The House Rules for this project:			
Are Proposed			
Have Been Adopted and Date of Adoption	1		
Developer does not plan to adopt House Rules		✓	

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.

Document

Minimum Set by Law

This Condominium

Declaration

67%

100%

Bylaws

3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents

$\overline{\checkmark}$	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
	Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

Management of the Common Elements: The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.			
The Initial Condominium Managing Agent for this project is (check one):			
	Not affiliated with the Developer		
✓	None (self-managed by the Association)		
	The Developer or an affiliate of the Developer		
	Other (explain)		

4.2 Estimate of the Initial Maintenance Fees

Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit <u>E</u> contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.3 Utility Charges to be Included in the Maintenance Fee

If ched	cked, the following utilities are included in the maintenance fee:
	Electricity for the common elements
	Gas for the common elements
	Water
	Sewer
	TV cable
	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

If check	ed, the following utilities will be billed to each unit owner and are not included in the maintenance
fee:	
✓	Electricity for the Unit only
√	Gas for the Unit only
✓	Water potable and non-potable (irrigation)
✓	Sewer ** No sewer. Each unit responsible for own on-site private septic system.
√	TV cable
✓	Other (specify) Phone

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

		mission include, but are not limited to, the following:
l	Specimen Sales Contract	
	Exhibit <u>F</u> contains a sum	nmary of the pertinent provisions of the sales contract. Including but
	not limited to any rights rese	
	Escrow Agreement dated: N	
	Name of Escrow Company:	Fidelity National Title & Escrow of Hawaii
	Exhibit G contains a sum	nmary of the pertinent provisions of the escrow agreement.
7	Other Sales Broker Listing	Agreement
L¥.J		
5.2 Sa	les to Owner-Occupants	
If this pro	ject contains three or more r	residential units, the Developer shall designate at least fifty percent
	the units for sale to Owner-O	
		· · · · · · · · · · · · · · · · · · ·
		oject are subject to the Owner-Occupant requirements of Chapter
	514B.	
i 🖂	Developer has designated the	ne units for sale to Owner-Occupants in this report.
	See Exhibit	
	Developer has or will design	ate the units for sale to Owner-Occupants by publication.
5.3 Bla	anket Liens	
Blanket L	iens: A blanket lien is an end	cumbrance (such as a mortgage) on the entire condominium project
or more	than one unit that secures s	some type of monetary debt (such as a loan) or other obligation.
Blanket li	ens (except for improvement	district or utility assessments) must be released as to a unit before
the devel	oper conveys the unit to a pu	urchaser. The purchaser's interest will be affected if the developer
defaults a	and the lien is foreclosed prior	to conveying the unit to the purchaser.
		<u> </u>
	There are no blanket liens a	ffecting title to the individual units.
<u> </u>		may affect title to the individual units.
✓		may affect title to the individual units.
Type of L	There are blanket liens that	
	There are blanket liens that	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Type of L	There are blanket liens that	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Type of L Mortgage	There are blanket liens that ien IndyMac Bank, F.S.B.	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance Mortgage will be released prior to conveyance of any unit to buyer.
Type of L	There are blanket liens that ien IndyMac Bank, F.S.B.	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance Mortgage will be released prior to conveyance of any unit to buyer. If any said lien is not satisfied prior to the closing date Buyer may
Type of L Mortgage	There are blanket liens that ien IndyMac Bank, F.S.B.	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance Mortgage will be released prior to conveyance of any unit to buyer.
Type of L Mortgage listed on E	There are blanket liens that ien IndyMac Bank, F.S.B.	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance Mortgage will be released prior to conveyance of any unit to buyer. If any said lien is not satisfied prior to the closing date Buyer may
Type of L Mortgage listed on E	There are blanket liens that ien IndyMac Bank, F.S.B. xhibit D	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance Mortgage will be released prior to conveyance of any unit to buyer. If any said lien is not satisfied prior to the closing date Buyer may
Type of L Mortgage listed on E	There are blanket liens that ien IndyMac Bank, F.S.B. xhibit D nstruction Warranties	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance Mortgage will be released prior to conveyance of any unit to buyer. If any said lien is not satisfied prior to the closing date Buyer may

Warranties offered by the contractor and/or builder of each unit, if any. No other warranties are offered.

Developer will pass on to buyer any manufacturers warranties for appliances in Unit B.

Building and Other Improvements:

Appliances:

5.5 Status of Construction, Date of Completion or Estimated Date of Completion

	f Construction: e of completion for Unit B was published in the Maui News on April 1 and 8, 2008, and the notice
1	etion for Unit A was published in the Maui News on July 8 and 15, 2008.
Complet	ion Deadline: If a sales contract for a unit is signed before the construction of the unit has been
complete	ed, or, in the case of a conversion, completion of any repairs, does not occur by the completion
deadline	set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's
	ntract. The sales contract may include a right of the Developer to extend the completion deadline
	majeure as defined in the sales contract. The sales contract may also provide additional
	s for the purchaser.
Complet	ion Deadline for any unit not yet constructed, as set forth in the sales contract:
,	• • •
Completi	ion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:
EC D	avalenada Han of Dunchasan Danista ta Baratan Duri 1.0. 1. 1. 0. 1. B.f.
5.6 De	eveloper's Use of Purchaser Deposits to Pay for Project Construction Costs Before osing or Conveyance
CI	osing of Conveyance
The Dev	reloper is required to deposit all moneys paid by purchasers in trust under a written escrow
agreeme	ent with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to
the Deve	eloper or on behalf of the Developer prior to closing, except if a sales contract is canceled or if
	er has met certain requirements, which are described below.
5.6.	1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance
	The Developer hereby declares by checking the box to the left that it shall use its own funds to
(complete the construction of the condominium project by the date indicated in Section 5.5 of this
	report, and the Developer, pursuant to its own analysis and calculations, certifies that it has
{	sufficient funds to complete the construction of the condominium project.
	f the box to the left is checked, Section 5.6.2, which follows below, will not be applicable to the
<u> </u>	project.
F 0	O Donales and Danas of California De Distance of the California Control of the California Contro
5.6.	2 Purchaser Deposits Will Be Disbursed Before Closing
Hawaii la	w provides that, if certain statutory requirements are met, purchaser deposits in escrow under a
hinding e	sales contract may be used before closing to pay for certain project costs. For this project, the
Develope	er indicates that purchaser deposits may be used for the following purposes (check applicable
box):	indicates that parchaser deposits may be used for the following purposes (check applicable t
20/1/	For new construction: to pay for project construction costs described in the Developer's budget
	and approved by the Developer's lender or an otherwise qualified, financially disinterested
	person; or
	For conversions: to pay for repairs necessary to cure violations of county zoning and building
	ordinances and codes, for architectural, engineering finance and legal fees, and for other l
	ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

In connection with the use of purchaser deposits (check Box A or Box B):

Box A	The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report. If Box A is checked, you should read and carefully consider the following notice, which is required by law:	
	Important Notice Regarding Your Deposits: Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.	
Box B	The Developer has <u>not</u> submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.	
	If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the Important Notice Regarding Your Deposits set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, Important Notice Regarding Your Deposits set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report is issued, You will not have the right to rescind or cancel the sales contract by reason of such submission and amendment. (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.	
	You should understand that, although the <u>Important Notice Regarding Your Deposits</u> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.	
Material House Bond. If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.		

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.

- 1. Developer's Public Report
- 2. Declaration of Condominium Property Regime (and any amendments)
- 3. Bylaws of the Association of Unit Owners (and any amendments)
- 4. Condominium Map (and any amendments)
- 5. House Rules, if any
- 6. Escrow Agreement
- Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii
 Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
- 8. Other:
- (1) A list of encumbrances affecting this property is included in Exhibit D.
- (2) Farm Plan as filed with the County of Maui, Department of Planning.

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access rules: www.hawaii.gov/dcca/har

5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

- (1) The purchaser has signed the sales contract.
- (2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.
- (3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.
 - (4) The purchaser does at least one of the following:
 - (a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

- (b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or
- (c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.

5.8.2 Right to Cancel a Sales Contract if Completion Deadline Is Missed

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking any action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30th calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT AND THE INFORMATION BELOW. EACH PURCHASER IS ALSO ADVISED TO CONSULT WITH AN ATTORNEY AND OTHER PROFESSIONAL ADVISORS, AS WELL AS CONTACT THE APPROPRIATE GOVERNMENT AGENCIES, TO DETERMINE SPECIFIC REQUIREMENTS FOR THIS PROPERTY.

- 6.1. Zoning Limitations. Under current Maui County zoning and building codes, only one full size farm dwelling and one farm dwelling with a living area of 1,000 square feet or less are permitted. Unit B is designated as the unit which is subject to the 1,000 square feet limitation, and may not be expanded. THE PROSPECTIVE BUYER IS CAUTIONED TO CONSULT WITH LEGAL COUNSEL CONCERNING THE REQUIREMENTS OF A FARM DWELLING AND THE PERMITTED USES OF THE LAND AND DWELLING IN THE AGRICULTURAL ZONE.
- 6.2. Water Meters. Currently there is only one water meter for potable water and one for non-potable water serving Unit B exclusively. The owner of Unit A will be responsible for obtaining, installing and maintaining potable and non-potable (irrigation), if desired, water meters to Unit A. Each unit owner shall communicate separately with the private water company and pay for water service separately as determined and billed to each unit by the Mahanalua Nui Homeowners Association.

The water for the condominium is provided by a private water system owned by the Mahanalua Nui Homeowners Association, Inc.; provided, however, that ownership and operation of the private water system may be transferred in the future. West Maui Land Company, Inc. currently manages the private water system and coordinates the issuance of water meters. The costs for potable and non-potable (irrigation) water meters may change from time to time. The purchaser of Unit A should contact West Maui Land Company, Inc. for the current cost for installation of one or more water meters.

- 6.3. Water System. The potable and non-potable water systems serving Mahanalua Nui Subdivision at Launiupoko may be subject to interruptions and cessations in service, changes in water quality or water quantity, and other problems which may occur in the operation of private water systems. The non-potable water is for irrigation purposes only and is not suitable for drinking or domestic use. Such water is provided from surface water sources and may contain bacteria which is extremely hazardous to health. The unit owner accepting non-potable water service is instructed to warn family, guests, tenants, visitors and successors in title of these risks and the unsuitability of the water for human consumption or domestic use. The Developer shall not be responsible for said water system or services or if the source of non-potable water is withdrawn from use. The control of surface waters in the State of Hawaii is vested in the State of Hawaii Water Resources Commission.
- 6.4. Water Limits and Fire Protection. Said private water system will provide potable (drinking) and non-potable (irrigation) water. As stated in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for the Mahanalua Nui Subdivision, as amended, restrictions may apply to the amount of water available to the condominium. The current limit for this condominium is 2,500 gallons per day or 75,000 gallons per month.

Because the condominium is not served by County of Maui Department of Water Supply, there is no assurance that the water supply will be sufficient for fire protection, which may impair, delay, or increase the cost of securing building permits. WATER SERVICE TO THE PROJECT IS NOT PROVIDED OR GUARANTEED BY THE STATE OF HAWAII, THE COUNTY OF MAUI, OR ANY OTHER GOVERNMENT AGENCY. PROSPECTIVE PURCHASERS SHOULD CAREFULLY EVALUATE THE PRIVATE WATER PROVIDER'S ABILITY TO PROVIDE WATER SERVICE TO THE PROJECT ON A LONG-TERM AND RELIABLE BASIS.

6.5. <u>Mailboxes</u>. Each unit has its own separate mailbox as shown on the Condominium Site Map.

- 6.6. Sewer/Septic Waste Disposal. There is no county sewer service available to the condominium. The location of the septic system appurtenant to Unit B, and the proposed location of the septic system appurtenant to Unit A, are shown on the site plan of the Condominium Map. The owner of Unit A shall install its own on-site private septic system within its limited common element. The owner of each unit shall be responsible for operating, maintaining, repairing and replacing its own on-site private septic system, which shall be maintained in compliance with all applicable laws, rules and regulations, including the design standards and approval requirements of the State of Hawaii Department of Health.
- 6.7. <u>Nuisances</u>. Most land near the Project is zoned Agricultural, which may increase the risk of noise, dust, emission and other nuisances. Because said Project is part of the Mahanalua Nui Subdivision, the owners of the Project are deemed to have waived claims with respect to said nuisances by neighboring land owners. High voltage power lines exist throughout portions of the area in which the Project exists and may pose a hazard due to strong winds.
- 6.8. Flood Zone. A portion of the property is within the flood inundation limits as depicted on the condominium map. There is a drainage swale located on the property. Purchasers should consult with the County of Maui Department of Public Works and Waste Management for any restrictions on building in these areas.
- 6.9. <u>Insurance</u>. Each unit owner is responsible for insuring the unit. The Association may be required to provide additional insurance on the common elements. The cost and ability to obtain appropriate insurance to cover all structures and property from fire, wind, flood, liability and other hazards should be researched by a prospective purchaser.
- 6.10. Mahanalua Nui Subdivision Homeowners Association. The land upon which the condominium project is located (Lot 40-B) is part of The Mahanalua Nui Subdivision, Phase I. The Mahanalua Nui Subdivision has been registered with the State of Hawaii Department of Commerce and Consumer Affairs under Hawaii Revised Statutes Chapter 484, and a Public Offering Statement for the subdivision has been issued. IT IS RECOMMENDED THAT THE BUYER OF EACH CONDOMINIUM UNIT OBTAIN A COPY OF THE MOST RECENT PUBLIC OFFERING STATEMENT AND THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE SUBDIVISION. THE STATEMENT AND DECLARATION CONTAIN MANY IMPORTANT DESCRIPTIONS ABOUT THE SUBDIVISION AS A WHOLE, AS WELL AS THE OPERATIONS AND MANAGEMENT OF THE HOMEOWNERS ASSOCIATION, ITS BUDGETS AND RESERVES.

The owner of Lot 40-B is a member of the Mahanalua Nui Homeowners Association, Inc., a Hawaii nonprofit corporation, which is the association formed for the Mahanalua Nui Subdivision as a whole for the purpose of holding, maintaining, operating and managing, as a common expense, all of the common areas and facilities of the subdivision. These consist of paved roadways, a drainage system, and archeological recreational sites and trails as easements, and public and private parks.

Roadway Lot B-2 (Kai Hele Ku Street) is a privately owned lot and is not part of the Mahanalua Nui Subdivision which provides access from the Mahanalua Nui Subdivision to the state highway, Honoapiilani Highway. Launiupoko Associates, LLC, the owner of Roadway Lot B-2 has granted the Mahanalua Nui Homeowners Association a non-exclusive easement over the access right of way. The Mahanalua Nui Homeowners Association is responsible for the maintenance of this right of way subject to possible costs sharing with other lots served by this access right of way.

Each unit owner will be a separate member of said Mahanalua Nui Homeowners Association and will be responsible to pay a share of common expenses assessed to each Lot of the subdivision equal to the share assessed against each other Lot (except for water use charges, as indicated above), as provided in said Mahanalua Nui Subdivision Declaration of Covenants, Conditions and Restrictions, as amended. For additional information, a purchaser should contact the Homeowner's Association.

The Amended and Restated Mahanalua Nui Subdivision Declaration of Covenants, Conditions and Restrictions permits any Lot to be divided into two or more separate parcels or condominium units, each of which may be owned and conveyed in fee simple as a separate and discreet unit of ownership.

- 6.11. Agricultural Uses. The County of Maui Planning Department has adopted a strict enforcement policy requiring agricultural-zoned land to be used for only those agricultural uses permitted by HRS Section 205-4.5 and Maui County Code, Chapter 19.30A. Dwellings may only be constructed and used as "farm dwellings." See disclosure below regarding Farm Plans requirements and implementation. THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH LEGAL COUNSEL OR THE MAUI COUNTY PLANNING DEPARTMENT CONCERNING THE REQUIREMENTS OF A FARM DWELLING AND THE PERMITTED USES OF THE LAND AND DWELLING IN THE AGRICULTURAL ZONE.
- 6.12. Farm Plan. The Developer has obtained Farm Plan Permit No. 2006/0086 from the County of Maui Department of Planning and executed a Unilateral Agreement and Declaration for Construction of a Farm Dwelling on Lands Zoned County Agricultural District or Designated State Agricultural District ("Farm Plan Agreement") that is binding on all owners in the Project. A copy of the Farm Plan Permit is attached as Exhibit H. Under the Unilateral Agreement, owners in the Project must implement the Farm Plan and may not make changes to activities or uses that are inconsistent with the Farm Plan without prior approval of the County. The Unilateral Agreement also states that failure to implement the Farm Plan shall constitute grounds for the County to revoke or suspend building permits issued and not to issue permits for new structures at the Project. The Farm Plan Agreement shall be provided to all prospective purchasers. The Farm Plan has been fully implemented by the Developer. PROSPECTIVE PURCHASERS SHOULD CONSULT WITH LEGAL COUNSEL AND THE MAUI COUNTY PLANNING DEPARTMENT REGARDING THE FARM PLAN AGREEMENT AND ITS POTENTIAL IMPACT ON A PURCHASER'S USE OF A UNIT AND ABILITY TO BUILD A NEW DWELLING OR OTHER STRUCTURES.
- 6.13. Archaeological Area. A portion of Yard Area A is encumbered by Archaeological Easement A-3-A, designated for preservation by the State Historic Preservation Commission. Construction is restricted in this area, and any archaeological or historical features must be preserved under the rules set forth by the Mahanalua Nui Homeowner's Association. Further details are available in the Mahanalua Nui Preservation Plan filed with the State Department of Land and Natural Resources.
- 6.14. Zoning and Land Use Violations. In a condominium, all of the land included in the condominium remains a single, unsubdivided parcel of land for purposes of zoning and land use regulation. If one unit owner violates a regulation, the violation is attributable to both that owner and the innocent owner of each other unit. For example if one owner builds or adds to a structure in a manner which violates height limits, size limits, setbacks, building permit requirements, or flood zone rules, or uses the unit for an unauthorized additional dwelling or short term rental, or fails to comply with the Project's Farm Plan, the violation applies to the entire condominium and the innocent unit owner may be subject to fines or may be denied a building permit as long as the violation remains uncured. THE PROSPECTIVE BUYER IS CAUTIONED TO CONSULT WITH LEGAL COUNSEL CONCERNING THESE IMPORTANT RISKS.
- 6.15. Management Conflicts and Deadlocks; Dispute Resolution. The Project's Association of Unit Owners and Board of Directors are responsible for management of the Project. Under the Declaration and Bylaws for this Project, any decision of the Project's Association or Board requires the concurrence of both Owners or their designated representatives. This prevents one unit owner from controlling the use, rights and obligations of the other unit owner. The Declaration and Bylaws contain no provisions for breaking deadlocks. In the event of conflicts, disputes, or deadlocks between the Owners or their representatives cannot be resolved by mutual agreement, the Owners' recourse will be mediation pursuant to Section 9.1 of the Bylaws and Section 514B-162 of the Act, or litigation in court.
- 6.16. <u>Agreements/Easements on Records</u>. The title is encumbered by several agreements and easements described on Exhibit D. BUYER SHOULD CONSULT WITH LEGAL COUNSEL FOR ADDITIONAL INFORMATION.
- 6.17. Construction of Barn. The right to construct a third building (barn) is reserved to the owner of Unit A. No additional structures may be constructed unless the owners of Unit A and Unit B consent or the additional structure may be constructed by a Unit owner under applicable zoning and building codes and laws without affecting the other unit.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

The Developer hereby certifies that all the information contained in this report and the exhibits attached to this report and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

FLOYD L. ROLLEFSTAD & PATRICIA A. RO	DLLEFSTAD
Printed Name of Developer	
Al Toly Il Patr	icia a Kollyfolad
By: Jares Hall Mart	7/1/08
Duly Authorized Signatory*	Date

FLOYD L. ROLLEFSTAD & PATRICIA A. ROLLEFSTAD, Developer
Printed Name & Title of Person Signing Above

Distribution:	
Department of Finance, County of Maui	
Planning Department, <u>County of Maui</u>	•

*Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.

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EXHIBIT A

COMMON INTEREST

Common Interest. Each unit shall have appurtenant thereto an undivided FIFTY PERCENT (50%) interest in all common elements of the Project (herein called the "common interest"), and for all other purposes, including voting, unless expressly stated otherwise herein.

For purposes of determining the proportionate ownership of the land appurtenant to each unit as tenants in common in the event of condemnation of all or a portion of the land or in the event of termination of the condominium, such allocations shall be made in the following percentages:

SIXTY-THREE AND 41/100 PERCENT (63.41%) appurtenant to Unit A; and THIRTY-SIX AND 59/100 PERCENT (36.59%) appurtenant to Unit B.

The interest in the common elements, and any limited common elements and easements, appurtenant to each unit shall have a permanent character, shall not be separated from such unit and shall be deemed to be conveyed or encumbered with such unit even though not expressly mentioned or described in the conveyance or other instrument.

EXHIBIT B

COMMON ELEMENTS

The common elements of the Project will include the following:

- (a) The Land in fee simple;
- (b) Any pipes, cables, apparatus and other central and appurtenant transmission facilities and installations over, under and across the Project not owned by the service provider, which serve more than one unit for services such as electricity, light, water, sewer, telephone and television or other signal distribution, if any;
- (c) Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use; and
- (d) Any and all tangible personal property, accounts, general intangibles, instruments and money, and any unit held by or belonging to the Association of Unit Owners, or its agents, for the administration, maintenance, safety and operation of the common elements of the Condominium Property Regime, or for the common use and benefit of the unit owners.

The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof or the units except as may be provided in the Condominium Documents and then only to the extent permitted by the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes.

EXHIBIT C

LIMITED COMMON ELEMENTS

Certain parts of the common elements, herein called the "limited common elements," or "exclusive limited common elements" are hereby designated and set aside for the exclusive use of the certain unit or units specified, and such unit or units shall have appurtenant thereto easements for the exclusive use of such limited common elements as follows:

Yard Areas. Each unit shall have appurtenant to it one or more land areas, described and depicted as a Limited Common Element or "Yard Area," as depicted on the Condominium Map and described as follows:

Yard Area A appurtenant to Unit A contains 1.442 acres; and Yard Area B appurtenant to Unit B contains 0.832 acres.

The Unit Owners shall have the right to reallocate and reconfigure the location of the Yard Area appurtenant to their respective units upon prior notice to the Board of Directors and appropriate amendment to this Declaration and the Condominium Map. The amendment shall be signed and approved by the owners (and their respective mortgagees if any) delivered to the Board of Directors prior to recordation. The amendment shall be effective only upon the recording of the same in the Bureau of Conveyances. All costs and expenses associated with such amendment, including, but not limited to, attorneys fees, architect/engineering fees and recording costs shall be borne by the owner(s) requesting such amendment.

EXHIBIT D

ENCUMBRANCES AGAINST TITLE

A title report, prepared by Fidelity National Title and Escrow of Hawaii, Inc., as of July 2, 2008, indicates that the following encumbrances presently exist against the title of the land which constitutes the Lot 40-B Condominium.

- 1. Any and all real property taxes that may be due and owing.
- 2. The property described herein is subject to possible rollback taxes. Verification should be made with the Maui County, Real Property Tax Office.
- 3. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

 A lease of right of way for the purpose(s) shown below and rights incidental thereto as granted in a document:

In favor of:

Maui Electric Company, Limited and GTE Hawaiian Telephone Company,

Incorporated, now known as Verizon Hawaii Inc.

Dated:

October 13, 1967

Purpose:

granting rights of way, each twenty five (25) feet in width, to build, etc., pole

and wire lines, etc., as may be necessary for the transmission of electricity

Recorded:

in the Bureau of Conveyances of the State of Hawaii, Book 5893, Page 226.

5. Subdivision Agreement (Agricultural Use), upon and subject to all of the provisions contained therein.

By and Between:

Pioneer Mill Company, Limited and the County of Maui, through its

Department of Public Works, a body politic and corporate, and a political

subdivision of the State of Hawaii

Dated:

June 18, 1992

Recorded:

in the Bureau of Conveyances of the State of Hawaii, as Document No.

92-103494.

6. Private Water System Agreement, upon and subject to all of the provisions contained therein.

By and Between:

Pioneer Mill Company, Limited and the Department of Water Supply of the

County of Maui

Dated:

September 29, 1992

Recorded:

in the Bureau of Conveyances of the State of Hawaii, as Document No.

92-164418.

7. Covenants, conditions and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as set forth in the following:

Declaration of Covenants, Conditions and Restrictions

Dated:

November 28, 1997

Recorded:

in the Bureau of Conveyances of the State of Hawaii, as Document No.

97-166433.

Assignment and Assumption Agreement Dated: January 16, 2001

Recorded:

in the Bureau of Conveyances of the State of Hawaii, as Document No.

2001-006061.

8. Covenants, conditions and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as set forth in the following:

Deed and Reservation of Rights

Dated: November, 28, 1997

Recorded: in the Bureau of Conveyances of the State of Hawaii, Document No.

97-166434.

9. Covenants, conditions and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as set forth in the following:

Declaration of Restrictive Covenants

Dated: November 25, 1998

Recorded: in the Bureau of Conveyances of the State of Hawaii, as Document No.

98-186637.

10. Subdivision Agreement (Agricultural Use)

Dated: April 8, 1999

Recorded: May 7, 1999, in the Bureau of Conveyances of the State of Hawaii, as

Document No. 99-071686.

11. An agreement, upon and subject to all of the provisions contained therein.

By and Between: Launiupoko Associates, LLC, a Hawaii limited liability company and the

County of Maui, through its Department of Public Works, a body politic and

corporate, and a political subdivision of the State of Hawaii

Dated: April 8, 1999

Recorded: in the Bureau of Conveyances of the State of Hawaii, as Document No.

99-071687.

12. Covenants, conditions and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as set forth in the following:

Declaration of Covenants, Conditions and Restrictions for the Mahanalua Nui Subdivision at Launiupoko

Dated: June 1, 1999

Recorded: in the Bureau of Conveyances of the State of Hawaii, as Document No.

99-102455.

The foregoing Declaration was amended by the following:

Recorded: in the Bureau of Conveyances of the State of Hawaii, as Document No.

99-114891.

Recorded: March 3, 2003, in the Bureau of Conveyances of the State of Hawaii, as

Document No. 2003-038050,

Recorded: November 17, 2004, in the Bureau of Conveyances of the State of Hawaii, as

Document No. 2004-231124.

Recorded: March 29, 2005, in the Bureau of Conveyances of the State of Hawaii, as

Document No. 2005-060479.

13. Covenants, conditions and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as set forth in the following:

Declaration of Non-Exclusive Perpetual Easements for Roadway Purposes (Roads Within Mahanalua Nui Subdivision Phases 1 and 2)

Dated:

July 1, 1999

Recorded:

in the Bureau of Conveyances of the State of Hawaii, as Document No.

99-107599.

The foregoing Declaration was amended by the following:

Recorded:

March 3, 2003, in the Bureau of Conveyances of the State of Hawaii, as

Document No. 2003-038051.

Recorded:

November 17, 2004, in the Bureau of Conveyances of the State of Hawaii, as

Document No. 2004-231125.

Recorded:

April 4, 2006, in the Bureau of Conveyances of the State of Hawaii, as

Document No. 2006-062281.

Recorded:

May 2, 2006, in the Bureau of Conveyances of the State of Hawaii, as

Document No. 2006-081236.

14. Subdivision Agreement (Agricultural Use)

Dated:

February 15, 2000

Recorded:

March 1, 2000, in the Bureau of Conveyances of the State of Hawaii, as

Document No. 2000-027424.

15. Agreement for Allocation of Future Subdivision Potential

Recorded:

March 1, 2000, in the Bureau of Conveyances of the State of Hawaii, as

Document No. 2000-027425.

- Free flowage of stream as shown on Tax Map.
- 17. 100 year inundation limit.
- 18. Easement "A-3-A" for archaeological purposes, being a portion of Lots 40-A through 40-E, inclusive, of Mahanalua Nui Subdivision Phase I, being also a portion of Royal Patent No. 1358, Land Commission Award No. 82 to Thomas Phillips, containing an area of 1.853 acres, more or less, as per survey map prepared by Erik S. Kaneshiro, Licensed Professional Land Surveyor, dated August 2, 1999, revised March 9, 2000, June 5, 2000 and August 2, 2000.
- 19. Unilateral Agreement and Declaration for Construction of a Farm Dwelling on Lands Zoned County Agricultural District or Designated State Agricultural District

Dated:

June 26, 2006

Recorded:

October 25, 2006, in the Bureau of Conveyances of the State of Hawaii, as

Document No. 2006-194850.

20. The following qualifying language applies to any and all covenants, conditions and restrictions (CC&R's) set forth in the numbered items above:

By omitting any covenants or restrictions, if any, based upon race, color, religion, sex, sexual orientation, familial status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law.

- 21. Condominium Map No. 4641, recorded in the Bureau of Conveyances of the State of Hawaii.
- 22. Covenants, conditions and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as set forth in the following:

Declaration of Condominium Property Regime of "LOT 40-B CONDOMINIUM"

Dated:

May 6, 2008

Recorded:

May 30, 2008, in the Bureau of Conveyances of the State of Hawaii, as

Document No. 2008-087768.

- 23. By-Laws of the Association of Unit Owners of Lot 40-B Condominium, dated May 6, 2008, recorded May 30, 2008, in the Bureau of Conveyances of the State of Hawaii, as Document No. 2008-087769.
- 24. This Company will require a legal description of the (apt/unit) to be furnished if title is to be insured on said (apt/unit) interest.
- 25. Upon conveyance of any Apartment Unit(s), said Apartment shall become subject to the following:
 - a) Terms, provisions and conditions as contained in the Original Apartment Deed and the effect of any failure to comply with such terms, provisions and conditions.
 - b) Any and all easements encumbering the apartment herein mentioned, and/or the common interest apartment thereto, as created by or mentioned in said Declaration, as said Declaration may be amended from time to time in accordance with the law and/or in the Apartment Deed, and/or as delineated on said condominium map.
- Grant and Confirmation of Access Easement for Roadway Purposes

Dated:

May 15, 2008

Recorded:

May 27, 2008 in the Bureau of Conveyances of the State of Hawaii as

Document No. 2008-084614.

27. A mortgage to secure an indebtedness as shown below, and any other obligations secured thereby

Amount:

\$625,500.00

Dated:

May 16, 2008

Loan No.

129346142

Mortgagor:

Floyd L. Rollefstad and Patricia A. Rollefstad, husband and wife, as Joint

Tenants.

Mortgagee:

Mortgage Electronic Registration Systems, Inc., a separate corporation acting solely as nominee for IndyMac Bank, F.S.B., a federally chartered savings

bank, a federal savings bank organized and existing under the laws of the

United States of America

Recorded:

May 28, 2008 in the Bureau of Conveyances of the State of Hawaii as

Document No. 2008-085079.

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES AND ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Unit</u>	Monthly Fee x 12	$\underline{\text{Monthly Fee}} \times 12 \text{ months} = \underline{\text{Yearly Total}}$	
Α	\$ 10.00	\$ 120.00	
В	\$ 10.00	\$ 120.00	
TOTAL:	\$ 20.00	\$ 240.00	

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency

Estimate of Maintenance Fee Disbursements:

	Monthly Fee x 12	2 months = <u>Yearly</u>	<u>Total</u>
Utilities and Services(*) Air Conditioning			
Electricity			
[] common elements only [] common elements and apartments			
Elevator			
Gas			
[] common elements only [] common elements and apartments Refuse Collection			
Telephone		٠,	
Water * Each unit is billed separately by	the		
private water company. Maintenance, Repairs and Supplies(*) Building			
Grounds			
Management (self-managed by Association) Management Fee Payroll and Payroll Taxes Estimated Office Expenses	\$ 10.00	x 12 months =	\$ 120.00
Insurance (*)			
No common areas in this project. *Although required in Section 5.7 of the B Reserves Association has not obtained insurance		·	
No common areas in this project.			
Taxes and Government Assessments			
Estimated Annual Audit Fee	\$ 10.00	x 12 months =	\$ 120.00
Other:		•	
TOTAL	\$ 20.00	x 12 months =	\$ 240.00
I. FLOYD L. ROLLEFSTAD, as Developer for LOT 40-B CONDOMIN	IUM, hereby certif	v that the above o	estimates of

I, FLOYD L. ROLLEFSTAD, as Developer for LOT 40-B CONDOMINIUM, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles. A unit owner shall become obligated to start paying the unit owner's share of the common expenses at such time the unit is transferred to the unit owner and thereafter monthly.

Signature D

(*) This Project consists of 2 detached units. Each owner is responsible for payment of all utilities and services, maintenance, repairs and supplies for owner's unit and limited common area. Pursuant to 514B-143(c), HRS, the insurance to be maintained under 514B-143(a)(1) shall be maintained separately for each unit by the unit's owner, provided evidence of such insurance coverage shall be delivered annually to the Association.

The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514B-148, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514B-148(b), HRS, a new association need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

ATTACHMENT TO EXHIBIT E MAINTENANCE FEE DISBURSEMENTS

EXPLANATION OF RESERVE ESTIMATE

The Developer has <u>not</u> conducted a reserve study in accordance with HRS Section 514B-148 and Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Common element item, estimated useful life, replacement cost and reserve amount per year.

<u>ltem</u>

Useful Life

Replacement Cost

Per Year

THERE ARE NO COMMON ELEMENTS IN THIS PROJECT THAT WOULD REQUIRE REPLACEMENT BY THE ASSOCIATION.

Reserve Amount:

Per Year

Per month

Per Apartment

EXHIBIT F

SUMMARY OF PURCHASE CONTRACT

The Standard Form Purchase Contract of the Hawaii Association of Realtors and Addendum attached thereto provides for the sale of an individual unit, in fee simple, together with an appurtenant percentage of the common elements of the project, including the land, as more specifically described in the Condominium Declaration.

Some of the terms and conditions set forth in the Purchase Contract include:

- 1. The total purchase price, including an initial deposit to be paid at the time of signing, any additional deposits to be paid and other financing information.
- 2. The closing date, closing costs, other closing matters, closing and pre-closing procedures and termination provisions, contingency for cash funds, and other financing contingencies.
- 3. Buyer's funds shall be held in escrow pending closing of the transaction pursuant to an Escrow Agreement, a summary of which is attached to this Public Report.
- 4. Remedies in the event of default by either party.
- 5. Seller's disclosures concerning asbestos, hazardous waste and "Megan's Law," and other inspections, maintenance, warranties, termite, rental matters, and brokers services and disclaimers.
- 6. Buyer's acknowledgment of receiving and reading the developer's public report for the Project prior to signing the Purchase Contract.
- 7. Buyer's acknowledgment of receiving and reviewing other documents that the Project is subject to, including but not limited to the Declaration, Bylaws, Escrow Agreement, and Condominium Unit Deed.
- 8. Seller makes no representation or warranty as to the floor plans and elevations of the apartments contained in the Condominium Map.

An addendum is attached to the Purchase Contract which specifically refers to the Condominium Project.

NOTE: THIS IS INTENDED ONLY AS A BRIEF SUMMARY OF THE PURCHASE CONTRACT AND ADDENDUM. COMPLETE TERMS AND PROVISIONS ARE CONTAINED IN THE PURCHASE CONTRACT ITSELF, AND IN THE EVENT OF ANY QUESTION OF INTERPRETATION, OR CONFLICT BETWEEN THE TERMS OF THE PURCHASE CONTRACT AND OF THIS SUMMARY, THE TERMS OF THE PURCHASE CONTRACT SHALL APPLY.

NO PORTION OF THIS SUMMARY IS INTENDED TO MODIFY, WAIVE OR CHANGE ANY PROVISION OF THE CONTRACT ITSELF, AND THIS SUMMARY SHALL NOT CONSTITUTE A PORTION OF, OR AN AMENDMENT OR MODIFICATION OF, THE SUBJECT CONTRACT. THE TERMS OF THE ACTUAL CONTRACT BETWEEN SELLER AND BUYER (AND ONLY THOSE TERMS) SHALL APPLY. THEREFORE, A PROSPECTIVE PURCHASER IS URGED TO READ THE ENTIRE PURCHASE CONTRACT, CAREFULLY AND IN DETAIL, AND TO CONSULT WITH HIS OR HER OWN ADVISORS IF ANY QUESTIONS EXIST, BEFORE SIGNING THE PURCHASE CONTRACT.

EXHIBIT G

SUMMARY OF ESCROW AGREEMENT

An escrow agreement provides the terms under which the deposits by a buyer pursuant to a sales contract between the Developer as seller and any prospective buyer will be held and disbursed by a neutral party ("Escrow").

Some of the standard terms and conditions of the Escrow Agreement are summarized briefly below. Complete terms and provisions are contained in the Escrow Agreement itself, and in the event of any question of interpretation, or conflict between the terms of the Agreement and of this summary, the terms of the Agreement shall apply.

- 1. SALES CONTRACTS AND PAYMENTS. Seller/Developer will have each Buyer sign a sales contract and deliver it to Escrow together with Buyer's first deposit against the purchase price. Buyer will make all other payments of the purchase price required in the sales contract to Escrow.
- 2. COLLECTION NOTICES. Escrow will inform Buyer of any further payments and when they are due under the sales contract.
- 3. REFUNDS. Escrow will make any refunds as directed by Seller and Buyer in writing as determined by the sales contract, subject to any deduction by Escrow of "cancellation fees" as permitted by the sales contract and the Condominium Law, unless the terms of the Escrow Agreement or Seller instructed otherwise.
- 4. DEFAULT. The Escrow Agreement also establishes procedures for the retention and disbursement of the Buyer's funds when a default occurs under the sales contract.
- 5. CLOSING. Escrow will arrange for the Buyer to sign all necessary documents, and recordation of documents in the appropriate registration system. Escrow will disburse all money that Escrow has received as required by the sales contract.
- 6. STATUTORY PROVISIONS CONTROL. Anything in the Contract notwithstanding, the provisions of Chapter 514B of the Hawaii Revised Statutes (Condominium Property Act), if in conflict with the Escrow Agreement, shall control.

NOTE: THIS IS INTENDED ONLY AS A BRIEF SUMMARY OF THE ESCROW AGREEMENT. NO PORTION OF THIS SUMMARY IS INTENDED TO MODIFY, WAIVE OR CHANGE ANY PROVISION OF THE ESCROW AGREEMENT ITSELF, AND THIS SUMMARY SHALL NOT CONSTITUTE A PORTION OF OR AN AMENDMENT OR MODIFICATION OF THE AGREEMENT. THE ESCROW AGREEMENT CONTAINS VARIOUS OTHER IMPORTANT PROVISIONS AND ESTABLISHES CERTAIN CHARGES WHICH THE BUYER SHOULD KNOW. THE TERMS OF THE ACTUAL AGREEMENT BETWEEN ESCROW AND THE SELLER/DEVELOPER (AND ONLY THOSE TERMS) SHALL APPLY.



°06 JUN 30 A11:25

COUNTY OF MAUI DEPARTMENT OF PLANNING 250 South High Street, Wailuku, Hawaii 96793 270 1735

DEPT OF PLANNING COUNTY

FARM PLAN PERMIT	DATE: 6 - 0	19-06	
TAX MAP KEY NO: $(2)4-7-009-014$			CL C
PROPERTY ADDRESS: LOT 40 B KA			
OWNER(PRINT): FLOYD ROLLEFSTAD			
ADDRESS: 5101 145 TH PL SE			
CITY! BELLEVUE STATE:	WA ZIP	98006	
OWNER/SIGNATURE:	4/1/		<u> </u>
Please check appropriate box and print name: OWNER: AGENT/CONTACT: Patricia Chay	apulle		
ADDRESS: P.O. Box 1852			
CITY: Wailulu STATE: HI	ZIP: 96793		
PHONE: (B) 875-2836 (H)			
APPLICANT/AGENT SIGNATURE: Patricia (D)	aggelle		
CURRENT STATE LAND USE DISTRICT BOUNDAR	Y DESIGNATION:		
COMMUNITY PLAN DESIGNATION:	COUNTY ZONING:	Aa	
SUBDIVISION FILE NO(S):		8	_
BUILDING PERMIT NO(S) & DESCRIPTION:			-
FOR COUNTY USE O	NLY		-
Farm Plan Permit No. 2006/0086 Far	m Plan Approval for		=
Approved by Mile F	Date	10/16/06	
MICHAEL W. FOLEY, PLANNING DIRECTOR		<i>' ' '</i>	